

MANAGEMENT APPROACHES

Gazprom Neft remains committed to ensuring the health and safety of its employees. In the field of health, safety and environment, the Company strives to achieve the strategic Goal Zero: no harm to people, environment and property in working process.



HSE Policy Statement

The main focus areas for achieving this objective are reflected in the corporate HSE Policy Statement, including:

- > safe production based on risk analysis, mitigation and management;
- > reduction of workplace injury and occupational disease rates, accident hazards and environmental impact;
- > consistent implementation of best global HSE practices.

HSE management

HSE requirements include, but are not limited to, industrial, fire and environmental safety standards, occupational health and electrical safety regulations, and emergency response provisions.

KEY DOCUMENTS

- > HSE Policy Statement

KEY POLICY PRINCIPLES

- > The Company's management is fully aware of its responsibility to protect health of Gazprom Neft's employees and people residing across the Company's footprint, as well as to create safe working conditions for productive work and prevent any adverse environmental impact.
- > No economic, technical, or other considerations may be taken into account if they contradict the interests of ensuring occupational health and safety, as well as safety of local communities and the environment.
- > The Company's executives consider the HSE management system essential and declare their responsibility for the successful management of production risks impacting employee health and safety, equipment, property, and the environment.

KEY STAKEHOLDERS

The Company's shareholders, executives and employees, local communities, contractors, business partners, non-profit and public organisations

HSE management structure

MANAGEMENT BOARD. OPERATING MANAGEMENT SYSTEM COMMITTEE

- > Decision-making on strategic issues related to the implementation of the HSE Policy Statement;
- > Approving the HSE strategy;
- > Reviewing accident investigation reports.



HSE DIRECTORATE

- > Defining workplace safety strategy and objectives;
- > Developing the corporate HSE management framework;
- > Interacting with the stakeholders on HSE issues.

HSE PROFESSIONAL BOARD AS PART OF THE WORKPLACE SAFETY FUNCTION

- > Making key decisions which affect the structure and tasks of the function, including strategy and long-term investment and target programmes;
- > Approving initiatives, roadmaps and projects as part of the workplace safety programme.



WORKPLACE SAFETY SUBDIVISIONS

- > Implementing workplace safety management system across the Divisions;
- > Supervising the subsidiary operations with regard to workplace safety.



WORKPLACE SAFETY IN THE SUBSIDIARIES

- > Workplace safety operations.

To this end, all of Gazprom Neft's facilities have a corporate safety management system in place. In 2017, the Company established a single Operating Management System Committee, a high-level collegial body headed by CEO Alexander Dyukov. The Committee is responsible for the HSE strategy.

In 2018, the Company's workplace safety function set up an HSE Professional Board comprising senior management of the HSE Directorate and representatives of workplace safety functions across the Divisions. The Board is designed to prepare consolidated resolutions on key matters for Gazprom Neft's workplace function.

The Company views **safety culture** as an important tool in achieving the Goal Zero and seeks to make sure that its employees have no concerns about their safety when they start working on a new assignment. Gazprom Neft's safety training system plays a pivotal role in the Company's corporate safety culture. The training process is all-encompassing and highly standardised while also being closely related to other elements of the safety management system.

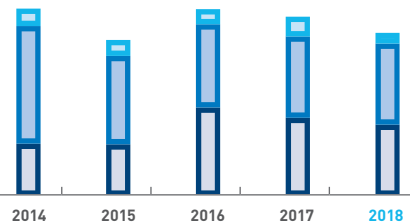
In 2018, the Company continued implementing its three-year targeted training programme launched back in 2016. As part of the programme, training courses are developed and run in the areas identified by the Company as priority ones for achieving the Goal Zero, including leadership in the field

of workplace safety, asset reliability, risk assessment, interaction with contractors, transport safety, and development of the workplace safety function. In 2018, over 29,000 employees and 13,000 contractors completed dedicated training².

In-house coaching is another key driver behind the Goal Zero mission. Corporate coaches are the Company's employees who combine their main job responsibilities with mentorship assignments. This format has proved its efficiency over the years, with Gazprom Neft now focusing closely on the organisation of training sessions and coach meetings along with the assessment of mentorship competencies.

Staff training in workplace safety (people)¹

Source: Company data



■ Training in occupational health	3,901	3,852	6,610	5,839	5,324
■ Training in workplace safety	8,807	6,620	6,231	6,092	6,072
■ Training in environmental safety	1,306	1,195	1,132	1,477	800

Key safety rules

In 2017–2018, Gazprom Neft ran a large-scale information campaign for the employees of its subsidiaries and contractors focusing on the implementation of the key workplace safety rules. They are mandatory for all Gazprom Neft's employees and contractors across the Company's footprint and include 11 basic rules aimed at creating target

safe behaviour of the employees, significantly reducing injury risks and, coupled with the best practices, bringing the Company closer to achieving its strategic Goal Zero mission. The rules were implemented not only through training, organising and motivation campaigns, but also through taking disciplinary actions against rule breakers.

¹ Mandatory training in line with statutory requirements.

² Number of employees trained in line with statutory requirements for educational and additional corporate programmes focusing on workplace safety.

TRANSFORMATION OF WORKPLACE SAFETY

In 2018, Gazprom Neft embarked on the transformation of its HSE system as part of a wider business transformation exercise, with the Company seeking to join the ranks of global workplace safety champions by 2030 in line with its Development Strategy. The system transformation relied on a risk-based approach, with a series of PDCA (Plan-Do-Check-Act) projects developed by Gazprom Neft for its implementation.

- > **Targets:** to establish priority HSE risks.
- > **Safety framework:** to set obstacles for risks including those associated with contractors.
- > **Certification, inspection, investigation:** to ensure reliability of the obstacles set.

More than 80 internal experts from across the Company's units, Divisions and hierarchy levels were mobilised to help draft the HSE transformation programme. Projects to introduce a cyclical risk-focused approach are to be launched in 2019.

Priority areas of the HSE transformation programme

FUNDAMENTAL TECHNOLOGICAL BARRIER

Technical condition of equipment and operational setup

COMPETENCY BARRIER

Ensuring that only competent employees have access to work

DIGITAL BARRIER MANAGEMENT

Eliminating human factor where applicable

"We remain committed to the Goal Zero mission as the HSE transformation programme is being implemented. To further reinforce the progress achieved, we are launching a series of security projects that will allow us to systematically build obstacles for unacceptable events and ensure that such events will not happen in the future. It is obvious that qualitative changes in security can only occur with developing new digital technologies, as well as increasing competences of the Company's employees."

Anton Gladchenko
Director of HSE Directorate

Control technologies

In 2018, the Upstream Division implemented a project that won the Division's corporate security competition award. Gazprom Neft Orenburg has introduced an electronic control system that evaluates contractors' compliance with safety requirements and provides information on their training, certification, medical check-ups and the admission of personnel and vehicles to work by technical control stations.

In the long term, the project provides for the integration with the video surveillance system, larger scope of documents to be included into a single electronic pass, etc. As a result, Gazprom Neft Orenburg will have a unified database of contractors' employees and vehicles. The project is planned to be rolled out to other subsidiaries of the Upstream Division.